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Harvard B-School Grads Still Flock to Wall Street

Edited By JACK WILLOUGHBY

Wall Street remains the favorite posting for those bright-eyed Harvard Business School grads, despite massive layoffs, shaky prospects for the securities industry and a battered stock market. Yet Ray Soifer, a former bank analyst with Brown Brothers Harriman, says the Ivy Leaguers' continued enthusiasm is bearish for the American equity market.

In September, Harvard Business School reported that 36% of its freshly minted 2002 MBAs accepted Wall Street jobs, up from 32% in 2001 and 30% in 2000. In contrast, only 7% of the grads chose high-technology jobs, down from a peak of 21% back in 1999.

Soifer (Harvard MBA '65) says the last time the school's graduates flocked to Wall Street in such numbers was back in 1987, a few months before Black Monday. He thinks the Street's job losses haven't really started in earnest. Continued slowness in both IPOs and mergers will lead the big firms to start cutting ever more deeply, with pink slips eventually going to the managing director level or even higher.

Why, then, is Wall Street still in favor along the Charles? Soifer believes that the students still maintain the fervor they acquired in the boom year of 1999, when they entered John Harvard's storied campus. Also, consulting jobs, the main competitor to Wall Street positions, have become scarcer; 23% of the 2002 graduates chose consulting, versus 38% in 2001.

Wall Street firms kept hiring even after Sept. 11 because they wanted to keep a constant pipeline into the major business schools, says Samuel Hayes, a professor emeritus at Harvard B-School: "We tell the students that that they are taking a big risk, and there is no job security." Long working hours tend to take the sheen off those high salaries. Graduates who stay on become ever more vulnerable to layoffs that make way for the newest business school recruits.

Given the Street's current straits, some brokerage firms might be tempted to renege on employment pledges. But any that do might not be invited back the next year, says Hayes, who adds that such moves, while rare, are "very bad politics."

-- Jack Willoughby